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**LOUISIANA TRAVEL PROMOTION ASSOCIATION****FINANCIAL STATEMENTS****JUNE 30, 2008**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/28/09

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Louisiana Travel Promotion Association

Financial Statements

June 30, 2008

## C O N T E N T S

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	2 - 3
Statements of Activities	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Louisiana Travel Promotion Association  
Baton Rouge, Louisiana

We have audited the accompanying Statements of Financial Position of the Louisiana Travel Promotion Association (a nonprofit organization) as of June 30, 2008 and 2007 (restated), and the related Statements of Activities, and Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Travel Promotion Association as of June 30, 2008 and 2007, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the Louisiana Travel Promotion Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 18, 2008

**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2008 AND 2007**

<b><u>ASSETS</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 100,579	\$ 51,719
Investments	67,487	73,301
Accounts receivable, net of an allowance of \$7,698 and \$10,000 at June 30, 2008 and 2007, respectively	90,897	171,880
Prepaid expenses and other	9,592	15,826
Deferred expenses	88,136	-
Total current assets	<u>356,691</u>	<u>312,726</u>
 <b><u>PROPERTY AND EQUIPMENT - at cost</u></b>		
Vehicles	-	38,081
Furniture and Equipment	168,190	161,729
Building and Landscape	436,114	436,114
	<u>604,304</u>	<u>635,924</u>
Less: accumulated depreciation	<u>(253,067)</u>	<u>(245,203)</u>
	351,237	390,721
 Land	<u>200,000</u>	<u>200,000</u>
	<u>551,237</u>	<u>590,721</u>
Total assets	<u><u>\$ 907,928</u></u>	<u><u>\$ 903,447</u></u>

The accompanying notes are an integral part of these statements.

	<u>2008</u>	<u>2007</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 43,002	\$ 48,217
Accrued expenses	82,386	48,699
Deferred revenue	317,977	336,209
Current portion of long-term debt	-	5,624
Total current liabilities	<u>443,365</u>	<u>438,749</u>
 <b><u>LONG-TERM LIABILITIES</u></b>		
Long-term debt, net of current portion	<u>-</u>	<u>12,117</u>
Total longterm liabilities	<u>-</u>	<u>12,117</u>
 <b><u>NET ASSETS</u></b>		
Unrestricted	<u>464,563</u>	<u>452,581</u>
Total net assets	<u>464,563</u>	<u>452,581</u>
 Total liabilities and net assets	 <u><u>\$ 907,928</u></u>	 <u><u>\$ 903,447</u></u>

**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>REVENUES:</u></b>		
<b>General</b>		
Memberships	\$ 243,310	\$ 214,669
Return on investments	(600)	18,030
Other	4,629	4,905
	<u>247,339</u>	<u>237,604</u>
<b>Program revenue</b>		
Tour guide	879,266	-
Culinary tourism	502,440	-
CO-OP advertising	249,121	260,600
Travel summit	208,865	176,850
Printing and distribution	181,781	87,383
Internet	93,850	11,492
Trade shows	68,190	23,400
Governmental action	21,659	10,090
	<u>2,205,172</u>	<u>569,815</u>
<b>Total unrestricted revenues</b>	<u>2,452,511</u>	<u>807,419</u>

The accompanying notes are an integral part of these statements.

	2008	2007
<b><u>EXPENSES:</u></b>		
<b>Program expenses</b>		
Tour guide	\$ 643,373	\$ 9,532
Cullinary tourism	365,410	-
CO-OP advertising	210,512	208,754
Travel summit	172,354	118,413
Printing and distribution	109,757	81,861
Internet	47,209	9,565
Trade shows	57,640	26,648
Governmental action	9,938	27,767
Education	-	566
	<u>1,616,193</u>	<u>483,106</u>
<b>General and administrative</b>		
Salaries and related benefits	344,001	468,545
Utilities	9,273	8,859
Office supplies/printing	21,013	13,537
Telephone	17,641	14,741
Postage	7,846	4,083
Travel	40,923	25,639
Repairs	7,932	16,931
Accounting and professional	238,334	133,519
Depreciation	28,809	46,474
Other	68,089	53,148
Computer	38,339	56,816
Loss on sale of assets	2,136	7,025
	<u>824,336</u>	<u>849,317</u>
<b>Total expenses</b>	<u>2,440,529</u>	<u>1,332,423</u>
Changes in unrestricted net assets	<u>11,982</u>	<u>(525,004)</u>
Net assets - beginning of year, as previously reported	471,660	977,585
Correction of error	<u>(19,079)</u>	<u>-</u>
Net assets - beginning of year, as restated	<u>452,581</u>	<u>-</u>
Net assets - end of year	<u>\$ 464,563</u>	<u>\$ 452,581</u>



**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 11,982	\$ (525,004)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	28,809	46,474
Loss on sale of fixed assets	2,136	7,025
Gain on sale of investments	-	(7,548)
Unrealized loss on investment	11,524	4,050
Allowance for doubtful accounts	(2,303)	8,161
Changes in current assets and liabilities:		
Accounts receivable	83,286	(94,336)
Prepaid expenses and deferred	(81,902)	25,795
Accounts payable	(5,215)	13,956
Accrued expenses	33,687	9,601
Due to affiliate	-	(774)
Deferred revenues	(18,232)	260,346
Net cash provided by (used in) operating activities	<u>63,772</u>	<u>(252,254)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(6,461)	(24,531)
Proceeds from sales of property and equipment	15,000	-
Purchase of investments	-	(176,066)
Proceeds from sales of investments	-	177,736
Reinvestment of dividend	(5,710)	(8,544)
Net cash provided by (used in) investment activities	<u>2,829</u>	<u>(31,405)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Repayment of debt	(17,741)	(5,193)
Net cash used in financing activities	<u>(17,741)</u>	<u>(5,193)</u>
Net increase (decrease) in cash and cash equivalents	48,860	(288,852)
Cash and cash equivalents - beginning of year	<u>51,719</u>	<u>340,571</u>
Cash and cash equivalents - end of year	<u>\$ 100,579</u>	<u>\$ 51,719</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>		
Cash paid during the year for interest	<u>\$ 594</u>	<u>\$ 1,704</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Nature of Business**

The Louisiana Travel Promotion Association (the Association) is operated exclusively for the purpose and objective of assisting and encouraging the prosperity of the State of Louisiana and its people through a broad and intense promotion of the tourist industry; to originate, and participate in, tourism programs and movements having as their aim the betterment of the economy of Louisiana and its people; and to this end, to bring together, and coordinate the efforts of all forces of business, industry, political subdivisions, civic and other groups and individuals.

In addition, the Association publishes a travel tour guide, culinary tour guide and sells advertising space in the tour guides. The Association also promotes Louisiana tourism through trade shows supported by member involvement.

**Basis of Accounting**

The Association prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

**Basis of Presentation**

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. The Association does not have any temporarily or permanently restricted net assets at June 30, 2008 or 2007.

**Cash Equivalents**

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of reporting cash flows.

**Property and Equipment**

Expenditures for the acquisition of property and equipment are capitalized at cost. Expenditures for maintenance and repairs are charged to expenses as incurred. Upon sale or retirement of fixed assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income. Depreciation is provided over the estimated useful lives of the assets (5 to 30 years) using the straight-line method. Amortization is included in depreciation expense in the income statement.

**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

The Association recognizes membership dues in the applicable membership period.

**Deferred Revenue**

Prepayments and revenues billed in advance for programs are deferred and recorded in income in the period in which the related services are rendered or the program is completed. A program is considered completed when all costs, except insignificant items, have been incurred. In addition, expenses related to the programs or services are deferred and recognized in the same period as the corresponding revenue.

Deferred income also consists of membership dues paid prior to the effective date of the membership.

**Marketable Securities and Investments**

In accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in all debt and equity securities with readily determinable fair values are reported at their fair value. All other investments are reported at historical cost if purchased, or, if contributed, at fair value at the date of contribution.

**Income Taxes**

The Association is a non-profit organization, which is exempt from income taxes under the Internal Revenue Code 501(c)(6); however, the tour guide, culinary tour, co-op advertising, certain travel shows, and internet brochure printing are not considered tax exempt. The accrual basis of accounting is used for tax purposes, with overhead being allocated to the tour guide and co-op advertising activities based upon a percentage of total revenues. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statements and tax bases of assets and liabilities that result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to amount expected to be realized.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Concentrations of Credit Risk**

The Association maintains several interest bearing accounts with a local financial institution. From time to time the Association's cash balances at this financial institution exceed those amounts that are insured by the Federal Deposit Insurance Corporation (FDIC).

**Reclassifications**

Certain reclassifications have been made to amounts related to the year ended June 30, 2007, to conform to June 30, 2008, presentation.

**2. Marketable Securities and Investments**

The Association's investments are recorded at fair value. Fair value is subject to change based on market conditions. Following is a summary of the Association's investments at June 30, 2008 and 2007:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Marketable Equity Securities:				
Mutual funds	<u>\$ 74,284</u>	<u>\$ 67,487</u>	<u>\$ 69,095</u>	<u>\$ 73,301</u>
Total investments	<u>\$ 74,284</u>	<u>\$ 67,487</u>	<u>\$ 69,095</u>	<u>\$ 73,301</u>

Return on investments is comprised of the following for the years ended June 30:

	<u>2008</u>	<u>2007</u>
Dividends and interest	\$ 10,924	\$ 6,432
Net realized gains	-	7,548
Net change in unrealized gains (losses)	<u>(11,524)</u>	<u>4,050</u>
	<u>\$ (600)</u>	<u>\$ 18,030</u>

**3. Note Payable and Line of Credit**

The note payable balance for the Organization as of June 30, 2008 and 2007 was -0-, and \$17,741, respectively. During the fiscal year ending June 30, 2008, the Organization sold the vehicle securing the debt and paid off the balance in full.

**LOUISIANA TRAVEL PROMOTION ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. Note Payable and Line of Credit (continued)**

During 2008, the Organization entered into a line of credit with a local bank totaling \$150,000, which is secured by the property of the Organization. The line bears a variable interest rate, which was 5.00% at June 30, 2008. Interest fluctuates based on the Wall Street Journal Prime Rate. At June 30, 2008, there was not an outstanding balance on the line of credit.

**4. Income Taxes**

The Association had an unrelated business taxable loss for the year ended June 30, 2008. The Association had unrelated business income of approximately \$53,000 for the year ended June 30, 2007. This was offset by the net operating loss carry forward; therefore no tax was due for the year ended June 30, 2007.

**5. Concentrations**

The Association has an annual contract with the State of Louisiana, Department of Tourism to produce the Louisiana "Tour Guide." Under the terms of the contract the department paid the Association approximately \$338,000 in 2008 to produce the guide. No payments were made to the Association during the year ending June 30, 2007, due to the "Tour Guide" not being published during the 2007 fiscal year. The Department then distributes the guide to anyone who requests it. The Association also sells advertising in the guide. The contract is a cooperative venture with the state and is subject to renewal annually. The Association also has accounts receivable from members who are mostly located in the State of Louisiana.

**6. 401(k) Plan**

The Association adopted an optional 401(k) retirement plan in April 2004. The Plan is available to all full-time employees who have completed on full pay period and are at least 21 years old. The Association will match at its discretion 50% of each employee's contributions to the plan up to 3% of the employee's salary. Employees are eligible for the match after they have completed one year of service. The Association's match for the year ended June 30, 2008 and 2007 was \$3,401 and \$4,099, respectively.

**7. Restatement of Prior Year Financial Statements**

The accompanying financial statements for 2007 have been restated to correct an error in which accrued expenses were not properly recorded in 2007. The effect of the restatement was to decrease net income for 2007 by increasing deferred expenses by \$19,079. Beginning net assets for 2008 was decreased by \$19,079.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Louisiana Travel Promotion Association  
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Travel Promotion Association (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Louisiana Travel Promotion Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Travel Promotion Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record or process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Travel Promotion Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, Management, and The State of Louisiana Legislative Auditors Office and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Poolethwaite ; Netterville*

Baton Rouge, Louisiana  
December 18, 2008

